

CONFIDENTIAL **CONFIDENTIAL**

## REPORT

50X1-HUM

DATE OF INFORMATION 1950

DATE DIST. 16 March 1950

NO. OF PAGES 5

SUPPLEMENT TO  
REPORT NO.

SUPPLEMENT TO  
REPORT NO.

THIS IS UNEVALUATED INFORMATION

SOURCE Glas. No 1429. 1950.

PROPOSED 1950 SEREIAN BUDGET LARGER THAN IN 1949

On 27 January 1950, the Minister of Finance for Serbia, Nemanja Markovic, gave his report on the government budget for Serbia before the sixth regular meeting of the People's Skupština of Serbia. He said that according to incomplete data on the government budget in Serbia in 1949, 103.5 percent of the revenues called for were realized. The revenue called for by the republic budget was realized by 101.8 percent and that of the budgets of the autonomous regions and People's Councils was realized by 105.9 percent. The expenditures for 1949 were 99.2 percent of the sum provided in the government budget, 100 percent for the republic budget, and 98.5 percent for the budgets of the autonomous regions and People's Councils.

The above data show the revenue to be larger by 695,302,000 dinars than the expenditures. Of that surplus, 323 million dinars will be used for the improvement of enterprises of republic significance. The remainder of the revenue surplus will be used for the improvement of enterprises of local significance.

The following shows the realization of the 1949 government revenue budget for Serbia, according to basic categories (in dinars): revenue from the economy -- 6,503,389,000 (124.6 percent of plan); revenue from the population -- 6,248,081,000 (92.8 percent of plan); revenue from institutions -- 531,154,000 (60.6 percent of plan); other revenues -- 1,646,826,000 (197.8 percent of plan); surplus revenue in 1948 -- 1,060,643,000 (60 percent of plan); and revenue from local People's Councils -- 684,431,000 (100 percent of plan.)

The revenue from the economy in 1949, which greatly surpassed the planned amount for that year, shows a large increase over 1948.

In 1949, the amount of tax collected on the turnover of production was 3,628,000,000 dinars or 20 percent more than in 1948 and 131 percent more than in 1947. The profit of state economic enterprises in 1949 was 653 million dinars, or 243 percent more than in 1948.

Trade profit from local production, a new source of government revenue, was realized by 95.3 percent.

**CONFIDENTIAL**

CONFIDENTIAL

[illegible]

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

The plan for the revenue derived from taxing income in 1949 was realized by 7,948,000,000 dinars, or 91.3 percent as compared to the planned 8,703,000,000 dinars.

The cut in taxes for families who joined cooperatives was 663 million dinars in 1948. The taxes were cut by that amount in 1949.

The expenditures of the government budget for Serbia in 1949, according to individual categories, were as follows (in dinars): capital construction investments and the financing of the economy -- 3,791,320,000 (132.6 percent of plan); investments for the improvement of the social standard -- 1,339,751,000 (59.3 percent of plan); education and culture -- 2,584,413,000 (85.5 percent of plan); social health insurance for the people -- 1,973,750,000 (86.2 percent of plan); government administration -- 4,445,385,000 (92.6 percent of plan); and budget reserves and obligations -- 1,844,463,000 (209 percent of plan).

The plan for investments was not fulfilled in its entirety because of the Cominform blockade. The above results indicate that 482,183,000 dinars, or 23 percent, more were spent in 1949 than 1948 for popular education and culture, and that 348,869,000 dinars, or 21.5 percent, more were spent in 1949 than in 1948 for social health insurance. Complete reports for 1946, 1947, and 1948 and the financial plans for 1949 showed the existence of several unpaid obligations of the budget toward commerce.

From a total of 3,262,400,000 dinars worth of obligations incurred in 1949 and previous years, the "planned losses" amounted to 2,427,000,000 dinars. In the 1949 budget, 198,800,000 dinars were planned for financing commerce.

Thus far, 2,774,400,000 dinars of the budget obligations have been paid to the economy. A total of 588 million dinars of unpaid obligations remain.

The movement of short-term credits for the past 3 years shows a constant increase. The total amount of credits used in 1949 was 26 percent greater than in 1948 and 66 percent greater than in 1947.

The total monetary transactions in Serbia increased 79 percent in 1949 as compared to 1948, and transactions not involving cash increased by 90.35 percent of the total transactions in 1949 as compared to 1948.

The government bank for advancing credits to cooperatives began its activities in May 1949. In addition to the main office in Belgrade and six branches in oblast capitals, ten offices were opened in the Vojvodina.

Savings during 1949 were unsatisfactory. Between January and the end of November, the number of new savings accounts opened was only 94,891, totaling 167 million dinars. A proof that the result could be better is the fact that during "Savings Week" in December 1949, the number of new accounts increased to 315,119, totaling 112 million dinars.

The proposed budget for 1950 is 7,217,000,000 dinars, which is 45 percent larger than in 1949. According to the proposed budget, the revenues and expenditures total 23,386,100,000 dinars each. Of that total, the republic budget will constitute 13,165,651,000 dinars, and the budgets for the People's Councils will be 10,221,049,000 dinars.

The 1950 revenues, planned on the basis of Serbia's general economic plan, compare with those of 1949 as follows (in dinars):

- 2 -

CONFIDENTIAL

CONFIDENTIAL

**CONFIDENTIAL**

CONFIDENTIAL

50X1-HUM

	<u>Realized in 1949</u>	<u>Plan for 1950</u>
Revenue from the economy	6,503,000,000	13,285,000,000
Revenue from the population	6,246,000,000	7,900,000,000
Revenue from institutions	531,000,000	1,000,000,000
Other revenues	1,647,000,000	1,200,000,000
Revenue surplus from 1948	1,060,000,000	

Revenue from the economy was 38.9 percent in 1949 and is expected to be 56.9 percent in 1950, while revenue from the population was 37.5 percent in 1949 and is expected to be only 33.8 percent in 1950. The tax on production turnover in 1949 was 21,770,000,000 dinars and in 1950 is expected to be 27,143,000,000 dinars. Trade profits totaled 4,531,000,000 in 1949 and are expected to total 6,620,000,000 dinars in 1950. The revenue from income taxes was 7,948,000,000 dinars in 1949, while in 1950 it is expected to be only 7,675,000,000 dinars. The total expenditures of the governmental budget for Serbia, which are expected to increase from 15,979,000,000 dinars in 1949 to 23,386,000,000 dinars in 1950 or by 7,407,000,000 dinars (46.6 percent), are as follows (in dinars):

	<u>Completed in 1949</u>	<u>Expected In- crease in 1949</u>	<u>Difference 1949 - 1950</u>	<u>In %</u>
Capital construction, investments, and financing the economy	3,791,000	1,145,000	3,407	90
Investments for improvement of social standard	1,339,000	3,469,000	2,130	159
Education and culture	2,584,000	4,266,000	1,680	65
Social health insurance (without pensions)	1,695,000	2,623,000	928	90
Government administration and courts	4,445,000	4,942,000	497	11

The total republic budget of executive expenditures was 8,617,000,000 dinars in 1949 and is expected to be 13,166,000,000 dinars, or 52 percent, more in 1950. The total budget of the People's Councils was 7,362,000,000 dinars in 1949, and is expected to be 10,221,000,000 dinars, or 39 percent, more in 1950.

The total investments in Serbia in 1950 are expected to amount to 12,917,000,000 dinars, of which the budget finances 10,668,000,000 dinars, while the remaining 2,249,000,000 dinars is financed by the economy (general state amortization funds and profits).

- 3 -

CONFIDENTIAL

**CONFIDENTIAL**

**CONFIDENTIAL**

CONFIDENTIAL

50X1-HUM

The expenditures for education and culture are expected to rise 43 percent under the republic budget, and 39.6 percent under the budgets of the People's Councils.

The expenditures for social health insurance in 1950 are expected to increase 15.2 percent under the republic budget and 77.5 percent under the budgets of the People's Councils.

The expenditures for government administration will decrease by 9 million dinars in 1950 in relation to 1949 under the republic budget but will increase 21.2 percent under the budgets of the People's Councils.

While 276,285,000 dinars were spent for stipends in 1949, the 1950 budget calls for an expenditure of 613,960,000 dinars.

While 85,569,000 dinars were spent for training courses in 1949, the 1950 budget calls for an expenditure of 132,500,000 dinars, which is 52,898,000 dinars, or 61 percent, more than in 1949.

For physical education in 1949, Serbia spent 42,887,000 dinars, while the 1950 budget calls for an expenditure of 63 million dinars, which is 20,443,000 dinars, or 48 percent, more than in 1949. The People's Technology organization, aside from the republic council for People's Technology, is slated to receive 40 million dinars in 1950.

In 1949, hospitals and health institutions were given 1,090,000,000 dinars, while in 1950 they are to receive 1,366,000,000 dinars, which is 275 million dinars, or 25.3 percent, more than in 1949. For day nurseries for children 79,305,000 dinars were spent in 1949, while 117,581,000 dinars, which is 36,276,000 dinars or 46 percent more than in 1949, are slated for 1950. While 159,676,000 dinars were allotted in 1949 for children's homes, 186,761,000 dinars, which is 27,085,000 dinars or 17 percent more, are earmarked for 1950.

In 1949, resorts for children were given 37,821,000 dinars. In 1950 they will receive 63,725,000 dinars, which is 25,904,000 dinars or 77 percent more than in 1949. The 1950 budget calls for 200 million dinars for students' messes.

The People's Councils of local significance spent 192 million dinars in 1949. In 1950 they plan to spend 1,247,000,000 dinars, which is 333 million dinars, or 36.4 percent, more than in 1949. This increase in spending will enable the local councils to employ 9,600 more employees than on 1 October 1949.

Over 97 million dinars are to be spent in 1950 for elementary schools, which is an increase of 34 million dinars, or 35 percent, as compared to 1949.

The People's Councils of srez significance spent 1,790,000,000 dinars in 1949 on various items. In 1950 their budget calls for an expenditure of 2,254,000,000 dinars, which is 464 million dinars, or 26 percent, more than in 1949. This increase in spending will enable the councils to hire 1,800 new employees. Of this number over 250 employees will be employed in the Vojvodina, 400 in the Kosovo, and over 1,100 in other parts of Serbia. There will be 15 more employees per srez than on 1 October 1949.

The budget of the municipal People's Councils in 1949 was 1,044,000,000 dinars. In 1950 the budget is to be 1,246,000,000 dinars, which is 202 million dinars, or 19 percent, more than in 1949. The hiring of 140 additional employees is contemplated.

- 4 -

CONFIDENTIAL

**CONFIDENTIAL**

**CONFIDENTIAL**

CONFIDENTIAL

50X1-HUM

The 1950 budget of the People's Councils of Oblast significance is expected to facilitate the employment of 570 more employees than on 1 October 1949.

If the above aim is realized, the Oblast Councils in Belgrade will have 400 employees, Nis 395, Kragujevac 390, Titovo Uzice 300, and Zajecar 295 employees.

Under the government budget for Serbia, the budgets for the People's Councils of the autonomous regions and oblasts are as follows (in dinars):

Belgrade Oblast (all branches)	960,873,000
Kragujevac Oblast	954,550,000
Nis Oblast	1,049,085,000
Timok Oblast	399,746,000
Titovo Uzice Oblast	590,422,000
Kosmet	1,342,257,000
Vojvodina	2,387,896,000
City of Belgrade	2,536,200,000
Total	10,221,049,000

The Kosmet and Titovo Uzice Oblast do not obtain sufficient revenue to cover their expenditures.

The Kosmet spends 610 million dinars above its revenue and Titovo Uzice Oblast 35 million dinars. These areas acquire the differences from the republic budget. The Kosmet's budget for 1950 will be greater than for 1949 by 56.5 percent or by 484,777,000 dinars.

- E N D -

- 5 -

CONFIDENTIAL

**CONFIDENTIAL**